

Message Text

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ACTION IO-13

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E.O. 11652: N/A

TAGS: AORG, ILO, UN

SUBJECT: GENEVA GROUP MEETING ON ILO

REF: (A) GENEVA 1193; (B) GENEVA 1178

1. GENEVA GROUP MET AGAIN MORNING FEBRUARY 21 TO DISCUSS
PROPOSED BUDGET FOR 1978-1979 IN LIGHT OF ALL COMMENTS MADE IN
PROGRAM, FINANCIAL AND ADMINISTRATIVE COMMITTEE AND ATTEMPT TO
REACH A CONSENSUS AMONG GG GOVERNMENTS ON A REDUCED, OVER-ALL
BUDGET FIGURE.

2. DISCUSSIONS CENTERED ON UNDERSTANDINGS OF VARIOUS GG GOVERN-
MENTS OF DIRECTOR GENERAL'S PROPOSAL TO (A) WITHDRAW REQUEST FOR
65/35 SPLIT OF CONTRIBUTIONS BETWEEN FIRST AND SECOND YEARS OF
BIENNIUM AS HEDGE AGAINST POSSIBLE U.S. WITHDRAWAL AND (B)
"SET ASIDE CHINA QUESTION" (REFTEL B) IN RETURN FOR CONTRIBUTION
OF 10 MILLION DOLLARS TO WORKING CAPITAL FUND. DG WOULD THEN
MAKE PROPOSALS TO DEAL WITH U.S. WITHDRAWAL AT NOVEMBER GB
MEETING, IF U.S. DOES, INDEED, WITHDRAW.

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3. DEPUTY DIRECTOR GENERAL JOHN MCDONALD WAS INVITED INTO
THE MEETING TO CLARIFY DG'S PROPOSAL. HE STATED THAT PROPOSAL
AS STATED ABOVE IS ESSENTIALLY CORRECT. IF 10 MILLION DOLLARS
CONTRIBUTION MADE TO WORKING CAPITAL FUND (WCF), ILO WOULD BE
ABLE TO STRUGGLE THROUGH UNTIL MIDDLE OF 1978 IF U.S. WITHDRAWS,
BY BORROWING INTERNALLY AND EXTERNALLY, AND MAKING SOME ECONOMIES

IMMEDIATELY. THIS WOULD ALLOS BREATHING ROOM FOR ILO TO MAKE DRASTIC CHANGES THAT WOULD BECOME NECESSARY.

4. MCDONALD ALSO MENTIONED POSSIBILITY THAT IF U.S. WITHDRAWS THEN OTHER GOVERNMENTS MIGHT PICK UP SOME OF THE DIFFERENCE, MEANING THE TOTAL DROP IN CONTRIBUTIONS MIGHT BE SOMETHING LESS THAN 25 PER CENT.

5. CONSENSUS WAS REACHED AMONG CG MEMBERS THAT OVER-ALL BUDGET FIGURE, INCLUDING 5 MILLION DOLLAR CONTRIBUTION TO THE WORKING CAPITAL FUND, SHOULD BE IN THE NEIGHBORHOOD OF 167 MILLION DOLLARS FOR THE BIENNIUM. THIS REPRESENTS A REDUCTION OF APPROXIMATELY 12 MILLION DOLLARS FROM THE DG'S PROPOSED BUDGET OF 169 MILLION DOLLARS, PLUS 10 MILLION DOLLARS TO THE WORKING CAPITAL FUND, AND IS DUE BASICALLY TO REDUCING THE ASSUMED RATE OF INFLATION BY ABOUT TWO PER CENT AND ASSUMING SOME SAVINGS DUE TO PROGRAM SLIPPAGE AND INCREASED PRODUCTIVITY, AS OUTLINED IN CANADIAN PAPER MENTIONED REFTEL A.

6. IT WAS DECIDED THAT DELEGATES FROM CANADA (MAINWARING) AND U.K. (HESS) WOULD MEET WITH DG EARLY IN THE AFTERNOON TO MAKE HIM AWARE OF CONSENSUS ON REDUCED BUDGET FIGURE. DG NOTED THEIR PRESENTATION WITH INTEREST BUT MADE LITTLE COMMENT AND NO COMMITMENTS.

7. COMMENT. PERFORMANCE OF GENEVA GROUP DURING THIS SESSION OF ILO GB HAS BEEN ENCOURAGING. WHILE ILO IS A FAIRLY "EASY TARGET" FOR MOST GG MEMBERS, THE GROUP AS A WHOLE HAS TAKEN A FAIRLY HARD STANCE TOWARD INCREASES IN THE ILO BUDGET. AN EXAMPLE IS THE LIMITED OFFICIAL USE

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PRACTICALLY UNIVERSAL AGREEMENT ON A CONTRIBUTION OF NO MORE THAN 5 MILLION DOLLARS TO THE WCF AT PRESENT, WITH ANY FURTHER CONTRIBUTION TO BE CONSIDERED IN LIGHT OF THE DG'S RESPONSE TO SUGGESTIONS FOR BUDGET CUTS. THE AGREEMENT ON A REASONABLE OVER-ALL FIGURE FOR THIS BUDGET WOULD SEEM TO BE A PROMISING STEP IN THE PROCESS OF DEVELOPING AN INDICATIVE TARGET FIGURE FOR THE 1980-1981 BUDGET. CATTO

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